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An Overview of Brown County's 2018 Annual Trending

The following steps were taken to conduct the 2018 annual trending in Brown County:

General Overview:

Per the Indiana Board of Realtors, Brown County was reported as showing a modest increase in the average median home sale price for year 2017. For the trending process, sales from 1/1/2017 through 12/31/2017 were used. There was one (1) sale from the 2014 and one (1) sale from the 2016 time period that was used in Commercial Vacant study. Within the Vacant Residential study, the township of Van Buren utilized three (3) sales from the 2016 timeframe as there were less than five (5) qualified sales from the 2017 timeframe for this township. There was no time adjustment of any sales outside of the mandated time period as there isn't enough supporting evidence to accurately adjust with any confidence. Within the Commercial Vacant study, one cannot calculate a reliable time adjustment based upon one sale (2014 and 2016). For the Van Buren Vacant Residential grouping, the limited number of sales as well as variations in land size, view, topography would provide a less than reliable calculation.

The county updated the year from which improvements are depreciated from as well as implemented the new cost table updates. The county's Location Code Multiplier (LCM) did not change, as directed by the DLGF. Every residential neighborhood was analyzed. Sales were the primary base for any market factor changes. Additional information such as appealed properties and the net result of the depreciation change was also taken into consideration when determining neighborhood factor adjustments.

Land Values:

Land base rates were reviewed and minor revisions were made to two specific neighborhoods.

Market Adjustment Factors (Residential):

As a result of the new depreciated year, and cost table updates, as stated above, all residential improvement factors were analyzed and adjusted accordingly. New construction continues to take place throughout the county but there aren't any newly developed subdivisions being platted.

Groupings:

The following neighborhoods were grouped together for trending purposes:

7025500, 7035500, 7045500 & 7055500F

7045005 & 7045007
7045010 & 7045020
70055005 & 70055077

Commercial / Industrial:

The depreciation year and cost tables were changed for commercial/industrial properties.

Commercial Improved: Only the township of Washington had any sales transactions, as it is only one of two townships that have more than twenty-five (25) commercial improved properties. Jackson Township is the other with only forty-eight (48) improved parcels. The statistical data for Washington is being reported for Jackson.

Commercial Vacant: Brown County has only one township (Washington) where the number of vacant commercial properties exceeds the twenty-five (25) parcel count threshold. The majority of the vacant commercial parcels are parcels that support improved parcels and actually should be combined. There were zero valid sales from the 2017 time period for this classification. For the 2017 ratio study there were only four (4) sales that were used (2 from 2016, 1 from 2015 and 1 from 2014). Of these four (4) sales, only two were available to use in this year's study as the other two had significant change and the current AV is not reflective of the sale price at the time of the transaction. Once again, no township other than Washington has greater than 25 parcels

There are only a total of eight (8) improved industrial properties in the entire county – no study conducted

There is only a total of one (1) vacant industrial property in the entire county – no study was conducted.

Use of Sales information

Brown County is committed to utilizing as many valid sales as possible, including multiple parcel sales. As stated above, the time period for sales used was from January 1, 2017 through December 31, 2017 for all class studies. Exceptions would be the Commercial Vacant grouping as it was expanded to include one sale from 2014 and one sale from 2016, as these were the only available sales. As stated above, there were no valid sales for this class that occurred in 2017. With the county having only one township with greater than twenty-five (25) vacant commercial parcels and less than ninety (90) county wide, sales for this grouping will always be minimal. VanBuren Township Vacant Residential expanded outside the 2017 timeframe to include three (3) sales from the 2016 period as there were only three (3) valid sales occurring in 2017 for this township. There were no time adjustments made to any sale outside of the 2017 timeframe as any analysis would be non-reliable due to the extreme limited number of sales.

Sales Reconciliation

The DLGF provided a sales reconciliation file identifying a total of 483 sales that occurred during the 2017 timeframe as needing an explanation as to why they were not used if they are not contained within the ratio study. The 483 sales identified by the DLGF was done without review and therefore identifies several that are "invalid sales".

From this list of 483 parcels it was determined that 85 of the sales were sales of various “invalid sales” nature. For example (27 = bank/sheriff/Hud, etc.; 13 = contains AG land, 9 = non-dwelling/imp not reflective of mkt.; 7 = non-realistic price; 4 = buyer not current owner, 3= splits occurred; 4= parcel doesn’t exist; etc., etc.)

IAAO Ratio Study standards indicate that “outlier ratios” can result from any of the following:

1. An erroneous sale price
2. A nonmarket sale
3. Unusual market variability
4. A mismatch between the property sold and the property appraised
5. An error in the appraisal of an individual parcel
6. An error in the appraisal of a subgroup of parcels
7. Any of a variety of transcription or data handling errors in preparing any ratio study

Outliers should be:

1. Identified
2. Scrutinized to validate the information and correct errors
3. Trimmed if necessary to improve sample representativeness

As a result, there were individual parcels that met these guidelines and were trimmed.

After complete scrutiny from the county, Brown County utilized more than 85% of the parcels that were identified in the DLGF reconciliation sales file, once the file was adjusted, eliminating truly non valid sales

See the Sales Reconciliation Response file for a complete detail for every parcel not utilized in the study. Response was not provided for the 2016 sales contained in the DLGF report as they were not used in the study.

A total of 342 sales were used in the study, of which 42 were multi-parcel sales.

It should be noted that the Indiana Housing market update from the Indiana Association of Realtors reported that a total of 318 housing sale closed during the 2017 year. This is very comparable to the number of improved residential properties utilized in this study.

Percent Change:

The following categories had greater than a +/-10% change:

Jackson (Commercial Improved) = increase was due to two (2) parcels that did not exist last year or were a vacant parcel. These two parcels account for 331,500 of the 748,400 (44%) increase. A third parcel accounted for another 35% as it had two (2) new mini-storage building erected. Any other increase was contributed to the change in the cost tables.